

**MAYOR AND COUNCIL STRATEGIC FOCUS AREA SUBCOMMITTEE**  
**RIO NUEVO/DOWNTOWN, ARTS, CULTURE AND HISTORY**  
ADMINISTRATIVE ACTION REPORT AND SUMMARY  
April 20, 2006

Council Member Trasoff called the Subcommittee meeting to order at 4:36 p.m. The meeting was held in Ward 6 Conference Room (3202 E. 1<sup>st</sup> Street), Tucson, Arizona.

COUNCIL MEMBERS PRESENT: Council Member Nina Trasoff, Subcommittee Chair, Ward 6  
Council Member Jose Ibarra, Ward 1  
Vice Mayor Steve Leal, Ward 5

STAFF PRESENTERS: Greg Shelko, Rio Nuevo Director  
Albert Elias, Urban Planning & Design Director

GUEST PRESENTERS: Raul Reyes, Town West  
Jim Campbell, Nimbus Brewery

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<b>1. Call to Order</b>  Chair Trasoff called the meeting to order at 4:36 p.m.	
<b>2. Discussion of Signage Standards and Approval Processes for Historic and Non-Historic Buildings</b>  Albert Elias provided background information on current downtown signage standards, which are generally governed by the City of Tucson Sign Code. There's a pedestrian/business district that addresses signs in the downtown core as well as the 4 <sup>th</sup> Avenue Business District. The rules call for signs that are low-scale and located where pedestrians can see them. There's little guidance with respect to materials; however, materials are briefly addressed as it relates to historic buildings. Most requirements relate to the location and size of the signs. Currently, there are separate standards for signs located in our historic districts (i.e. El Presidio, Barrio Viejo and Armory Park). There is further guidance in the Downtown & Rio Nuevo Overlay Zone, which is part of the Land Use Code; however, it focuses more on building design standards. Signs aren't given a separate review in and of themselves. They go through the Development Review Board with approval of building elevations and materials.  There has been discussion about the development of more rigorous sign standards for the downtown area to encourage high quality design and better guidance to property owners. It would also be helpful to have more clearly defined and a lesser number of regulatory (area) boundaries. To change the sign code, staff would begin with the Citizen Sign Code Committee, which meets every month. They would hold a public hearing and then it would be	

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<p>forwarded to the Mayor &amp; Council for approval and action. His recommendation to the subcommittee is to have staff look at sign code issues and develop a recommendation.</p> <p>Vice Mayor Leal asked staff to specifically address issues with historic buildings and neon signs. He's under the impression that current standards are not user friendly. He would like to see neon come back as a motif or art form and gave the Hoop Dancer neon sign at Scott and Congress as an example. Secondly, there are historic signs that have to do with space and not necessary the activity occurring in the building. Contemporary businesses would like to have the historic identity along with current uses displayed. Thirdly, signs painted on walls are very faded and some of the people that own the buildings would like to re-do them, but it would be a violation of the sign code. These are not signs anymore; they are historic pieces of art.</p> <p>Chair Trasoff said we are trying to address recapturing the essence of what downtown was like, but with a modern feel to it, and thus the sign code requires flexibility. She added that individual buildings should also have the right to have codes that are more stringent than the general sign code.</p> <p>Mr. Elias added it's not usual in quality development to have the building owner propose a sign code that would apply to the entire development to provide a consistent look for the building because they may have different tenants over time. The tenants could be given a copy of the sign code for the building and they would have to adhere to it if they wanted to be a tenant in that building.</p> <p>Vice Mayor Leal ended the discussion by saying his comments related to downtown, but they could relate to any municipal or national registered district and any changes to the sign code should be applicable to those districts as well as downtown.</p>	
<b>3. Status of Development Plans for Franklin &amp; Stone (Presentation by Nimbus/Town West)</b>	
<p>Greg Shelko ran through the project's history. In October of 2005 the Mayor &amp; Council gave site control to Nimbus Brewery to formulate a development plan for the site. At that time, Nimbus was interested in relocating downtown, and was having difficulty expending more money and pursuing the project, without knowing that the site would be there if in the end they were able to demonstrate that they had a feasible project. In early March, Mr. Shelko was introduced to the Town West representatives as</p>	

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Nimbus's development partner. They are here today to show you the project scope and discuss timing.

Vice Mayor Leal asked how much time Nimbus was granted? Mr. Shelko responded that it was 90 days from October 18, 2005. It expired in January. A very complex response was received from Mr. Counts in January and staff has been working through the details of that proposal for a few months, but it focused primarily on the brewery and restaurant end of the project.

Raul Reyes, Vice President of Town West Designs said they had been working with Nimbus for about a month. Town West has been in Tucson since 1980 and he was been an architect in Tucson since 1975. Most recently, they completed projects on 5<sup>th</sup> and Wilmot (First Magnus and Radiology Limited) and Sam Hughes Place on 5<sup>th</sup> and Campbell. His company is financially strong and can provide a very favorable financial relationship to Nimbus, and work with the City and neighborhoods to provide something beneficial to the city as a whole. The two projects mentioned previously were done concurrently with a combined budget of \$45 million.

Mr. Reyes said Town West looked carefully at the Warehouse Arts District Master Plan, and began by defining the site bounded by Franklin Street, 9<sup>th</sup> Avenue, the railroad tracks and Stone Avenue. Their project brings to the art community a brewery and restaurant. It includes residential, office and retail space. In response to neighborhood concerns, they will ask the City to vacate 9<sup>th</sup> Avenue which dead-ends at Franklin Street. They will close the street off for parking, but include pedestrian paths and bike lanes. Their plan is to incorporate an art walk by providing public spaces. Green building components would be incorporated into the design. It's a substantial project that will increase the tax base for the City of Tucson. The project is 100% privately financed.

Mr. Reyes said the plan includes a two-story complex along the railroad tracks with office and retail on the ground floor and lofts/condominiums on the second floor. Artist live/work concepts are being considered. The Nimbus Brewery and restaurant would also front the tracks. Across a courtyard and along Franklin would be a larger mixed use structure ascending in height from two stories at 9<sup>th</sup> Avenue to 12 stories at Stone. It could house a health club or spa. Access to the condominiums would come from Franklin Street. It could have valet parking. They would fund two levels of underground parking (206 spaces) for the people living at the site. The art walk would run through a public-courtyard and connect to the Steinfeld warehouse. The project was said to respect the El Presidio

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neighborhood, and not impede their views of the Catalina Mountains. In keeping with downtown tradition, they want to work with the City of Tucson to provide on-street parking on Franklin, Church and the vacated 9<sup>th</sup> Avenue.

Mr. Reyes then showed a three-dimensional computer model of the project. An aerial view showed how the art walk would run through the project with an amphitheater and performance stage. The arts district is encouraged to work with the developer on refining the spaces. Nimbus would have outdoor dining and be located on the northwest corner of the site. The fermenting tanks would run along the railroad tracks, with a glass wall on the north side offering views into production. It is primarily a brick building respecting the Steinfeld Warehouse and buildings along Toole Avenue. The restaurant will have an industrial aesthetic feel to it. It would be two stories with the second level dedicated to video games and pool tables. A large flat screen would be used to promote events at the restaurant. He also suggested developing an adjacent piece of property located just south of the Steinfeld Warehouse. It could offer housing, retail, an art supply store, or an art school.

Mr. Reyes discussed lot coverage, cost and code requirements in general. The company does everything in-house (development, marketing, legal, construction, architecture). They estimate the project to cost between \$37-\$40 million dollars. They are asking the city to offer the property for sale for a nominal fee, cooperate with them to open in 2008, and work on a development agreement as expeditiously as possible. They are a local developer with a proven track record and he welcomes anyone to come to their office to see their portfolio. The City will benefit by an improved tax base, additional parking downtown and help revitalizing downtown. Nimbus benefits with a great location, high visibility and an opportunity to expand.

Nimbus President, Jim Counts said he had an opportunity 1-1/2 years ago to purchase a piece of land downtown for his brewery, but Aviation Corridor plans precluded that. Ten months ago, he approached the City about the current site. Mr. Counts acknowledged that he was three days late with his proposal in January, but the work he has put in this project was with great sacrifice to his family. He's put his heart and soul in to this project and has focused on nothing else for the last three months. He acknowledged that he may have ruffled some feathers, but he apologizes for that. This is something that this City could be extremely proud of. He hopes that the City will consider this project.

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Chair Trasoff asked what the height of the adjacent (proposed) Court building is going to be? Mr. Shelko was informed it would be 10 stories.

Vice Mayor Leal questioned the proposed development on the west side of 9<sup>th</sup> Avenue. He couldn't tell if it was the same building or another building, and asked if the property was privately owned. Mr. Reyes responded that he may be getting ahead of himself, but he merely wanted to show what future development could occur at that site. The land is currently owned by ADOT.

Vice Mayor Leal said he was impressed with what they've come up with. It's a better utilization of the site. He knows they have the capacity to do it. He was agreeable to giving exclusive rights to Nimbus back in October because there had been a commitment to that. However, he questioned whether the City should do business that way. The number of vacant properties in general in the downtown is small and we have to be thoughtful & caring in developing those few parcels. We have a responsibility to the tax payers. He believes in the competition of ideas. Today's presentation reinforces this, because he sees how time has improved the project. He believes the City should be using an RFP process and using competition to see what can be done at this site and other sites. He's reluctant to say yes to this project, because if there was an open competition there could be numerous proposals to choose from. His inclination is go to an RFP process. The time period has been exhausted and out of fairness to others, he would like to consider that.

Council Member Ibarra complimented the site planning and building. He asked staff how the numbers look financially and agreed that the subcommittee needs to be consistent. Mr. Shelko said he has not analyzed the numbers. Town West just got into this project a month ago. It's a valid question and feasibility needs to be tested and make sure that the construction projections are reasonable, condo price points achievable and commercial rental rates realistic.

Council Member Ibarra said the subcommittee has been dealing with timelines and extension on other projects, but is uncertain what progress is being made here. He asked when the financials were supposed to be provided? Mr. Shelko responded January. Council Member Ibarra said that makes him nervous because it seems like they are going through the same thing all over again. We keep taking more time and nothing gets done. This project is exciting. Council Member Ibarra asked if Mr. Counts had shared his proposal with the surrounding neighborhoods. Mr. Counts said other than WAMO, no. Council Member Ibarra asked him to take his plan to the

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surrounding neighborhoods.

Council Member Ibarra said Mayor and Council as a whole took a stand on the project and directed City staff to work with Mr. Counts and work out the details. As a subcommittee, they shouldn't make a recommendation. They should let Mayor and Council as a whole make a decision.

Vice Mayor Leal said there have been other people contacting the City saying they are interested too. But at the time, they were told that Mr. Counts had 90 days to come up with something and if he doesn't make it, it would go out to RFP. Their response was if it doesn't work out, we'd like to have a chance.

Chair Trasoff said that time period was 90 days and it was up to Mayor and Council to stop it from continuing. She was fully prepared to not want this project today because evidence of financial ability to carry the project out was asked for again and again. The information Mr. Counts provided back in January didn't have anything that demonstrated financial viability. She's impressed with the Town West proposal and the financial backing that they provide, so it's hard not to take the next step.

She asked what type of agreement Town West has with Nimbus? If we give staff two weeks to look at the financials, will the financial stability be there? Mr. Reyes responded that Town West has a written agreement with Nimbus Brewery. It has been reviewed by both sets of attorneys.

Chair Trasoff asked if they had looked at the price points and square footage of the condos? Mr. Reyes said they studied comparable projects, but as developers they assume the risk. Cost estimates can hold, or the market trend may come down. Nothing is guaranteed.

Chair Trasoff asked if they were asking for any incentives or concessions? Mr. Reyes responded that they are asking the City to convey real estate for a nominal amount, vacate 9<sup>th</sup> street, work on providing more on street parking, and work cooperatively on the art walk. There's going to be a tax base that could go back into funding public spaces. If there's a homeowners association, they could pay for maintenance. Chair Trasoff asked if that was it? Mr. Reyes said any other fee waivers and incentives that anybody else could apply for.

Council Member Ibarra reiterated that there isn't a lot of time. Does Town West want the subcommittee to direct staff to do the due diligence and submit the package to Mayor and Council, or do they want the

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<p>Subcommittee to review it again? Mr. Reyes responded that he just wants to get it done.</p> <p>Chair Trasoff said even if staff looks at the financial viability, there are still other things to consideration. What if we say it can only be as high as the “Courts” building? Mr. Reyes said they could work with 10 stories instead of 12.</p> <p>Chair Trasoff asked what if Mr. Counts couldn’t find storage offsite? Can it be accommodated? Mr. Counts said responded that storage space could be built underground.</p> <p>Chair Trasoff asked for confirmation that the project that could occur on 9<sup>th</sup> Street was a vision, not a plan? Mr. Reyes said that was correct.</p> <p>Chair Trasoff said the neighborhoods and WAMO have to have input. Mr. Counts acknowledged they would have meetings with the neighborhood and WAMO.</p> <p>Vice Mayor Leal said the city is expected to do an RFP process and he does not know how to deal with this. We need to get to some closure on whether we should sell to one group or create an RFP.</p> <p>Mr. Counts commented that after 10 months if someone was interested in the property they would have come forward with a proposal. Chair Trasoff reminded him that he was given exclusive rights to the property and the Council extended those rights for another three months. There is a lot of interest for this property. Now the question is are we being fair to this project?</p> <p>Council Member Ibarra thinks the project can be forwarded to Mayor and Council as is, give staff time to do due diligence and then Mayor and Council as a whole can make the decision. There are still a lot of questions that still need to be answered, but the subcommittee shouldn’t send a recommendation without due diligence.</p> <p>Vice Mayor Leal asked Assistant City Attorney Diebel if city staff reviews this project does that create a right for these folks based on the way we engaged Town West? Mr. Diebel responded, no. You want to ask them to do the due diligence and Mayor and Council can decide whether to request an RFP or do nothing.</p>	
<b>4. Call to the Audience</b>	

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<p>Natasha Winnik, a board member of WAMO said she's sending a letter to the newspapers from some members of WAMO stating that they are not in support of the project. They feel this project does not follow the natural plan of the Warehouse Arts District and believe the property should be set aside for artists only for a living/working arts district. They feel the brewery should not be in the heart of the arts district, but adjacent to it.</p> <p>Nancy Theron, representing a non-profit that has worked with Nimbus, spoke in support of Nimbus.</p> <p>Dick Basey asked if the city is going to give Nimbus the land worth about \$3 million, will there be a guarantee that the plaza will remain public in the future and will his property taxes be forgiven? Mr. Counts responded that there is no property tax abatement.</p> <p>A representative from United Way stated that Nimbus has helped a lot of other agencies and they are great to work with.</p> <p>Council Member Ibarra made a motion to have the project go to Mayor and Council in two weeks, have staff determine the land's appraised value, determine remediation costs, and send a copy of the proposal to the surrounding neighborhoods. The motion was seconded by Vice Mayor Leal. The motion passed unanimously 3-0.</p>	
<b>5. Adjournment</b>	
<p>Meeting adjourned at 5:55 pm.</p>	